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ABSTRACT

During the past several years, Allen County Community College has experienced a growing number of uncollected student accounts. In an effort to encourage timely payment of student charges, lower the number of students receiving payment deferments, increase cash flow at the beginning of each semester, and reduce the number of bad debts being written off by the college, a series of changes were introduced in the college's collection procedure during the 1990-91 academic year. Among other changes, the college began informing students and parents of payment alternatives including the use of credit cards and the establishment of a payment plan with an independent collection company; implemented a $35 processing fee for students unable to meet financial obligations at the time of enrollment; and offered students the option of making payments at outreach locations. To assess the effectiveness of these changes, student accounts and revenues data were compared for the two years prior to, and for the year immediately following the intervention. Study results revealed the following: (1) while in spring 1990, only 22% of student accounts were paid in full at the time of enrollment, in spring 1991, 74% of the students had paid their accounts in full; (2) by the twentieth day of class in fall 1990, there was a 46% decrease in outstanding accounts over the previous semester; and (3) the late payment processing fees generated close to $9,000 during the 1990-91 academic year. Data tables, a literature review, references, and a series of recommendations are included. (PAA)

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Improving the Collection of Student Accounts at Allen County Community College

A Project Report Presented to the
Faculty of Friends University

in partial fulfillment of the requirements
for the degree of Bachelor of Science

by

Barbara Geffert

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ABSTRACT

The purpose of this Action/Applied Research Project was to develop, implement, and evaluate a new policy for collecting student accounts at Allen County Community College in a more timely manner.

During the past several years the amount of uncollected student accounts at Allen County Community College has grown to the point that it was apparent that there was a problem with the collection procedure. The large number of outstanding student accounts required a great deal of time and effort in an unsuccessful attempt to monitor and collect these accounts.

After an analysis of the problem five objectives were established: to encourage students to pay their charges at the time the charges are incurred, to lower the number of students who defer payment by 30%, to increase the cash flow during the beginning of each semester by a significant amount, to charge a processing fee for students who choose to delay payment in an attempt to recover administrative costs, and to decrease the number of bad debts that are written off after failure to collect them.

In an attempt to meet these objectives, during the 1990-91 academic year a number of changes were made in the

collection procedure at Allen County Community College. One of these changes was making students and parents aware of payment alternatives such as acceptance of credit cards, or setting up a finance plan with an independent collection company. If the student did not choose one of these options and was unable to meet their financial obligations at the time of enrollment, they were allowed to sign a promissory note with the college but unlike previous semesters, the student was charged a $35.00 processing fee. Another change involved the process of collecting charges at the college outreach locations. Unlike past semesters, in most instances, enrollments in courses offered at off-campus locations were not accepted until payment was received.

The success of the intervention was evaluated by comparing outstanding student accounts and student revenue collected over a three year period. A comparison was made with data collected from two years prior to the intervention and the year directly following the intervention.

The data collection reflected that the intervention was successful in lowering the rate of uncollected student accounts and increased the cash flow during the beginning of each semester.

Based on the results of the data collected, it is recommended that an effort be extended to encourage students to be prepared to pay their charges at the time the charges are incurred by making the students aware of the finance

options available to them prior to enrollment dates. It is also recommended to continue charging the processing fee for all promissory notes that are signed and to inform the students of the consequences that will be enforced if payment is not received.

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I - DESCRIPTION OF PROBLEM

Statement of Purpose

The purpose of this project was to develop, implement, and evaluate a new policy for collecting student accounts at Allen County Community College in a more timely manner.

The Setting of the Problem

Allen County Community College is a publicly supported two-year college located in Iola, Kansas. In addition to the main campus, the college also offers classes at 12 outreach sites which are located in a radius of 90 miles from the main campus.

The basic mission of the college is to provide two-year transfer programs, vocational/technical programs, as well as continuing education programs to students of Allen County and the three and one half counties designated as its service area by the State of Kansas.

The total student headcount enrollment is approximately 1,950 students per year. Of the total headcount, approximately 1,375 are students who attend classes at the Iola campus and 575 attend classes at off campus sites.

The college is governed by a six-member board of trustees which are elected by the people of Allen County. The board hires a president who reports directly to the board. Two vice presidents report to the president. The Vice President for Administration is responsible for all aspects of the fiscal and plant operations. There are four other employees which make up the business office staff: the MIS Director, Payroll/Business Officer, Accounts Receivable Officer, and Accounts Payable Officer. These employees all report to the Vice President for Administration.

The college business office is organized according to function. Due to the small size of the college, there is only one person responsible for each function. Therefore, the entire business office staff must work closely and cross training is necessary to insure that there is someone available to carry out all necessary functions when the need arises.

The Accounts Receivable Officer works closely with the Vice President for Administration in collecting student tuition, fees and room and board charges that are assessed each semester. If the student does not wish to pay at the time he/she completes the enrollment process, the Vice President for Administration meets with the student to set up a payment schedule. The Accounts Receivable Officer is responsible for monitoring the student accounts and recording payments received. The Accounts Receivable Officer sends

statements to students on a monthly basis if there is an unpaid balance on the student's account. If the student fails to meet the payment schedule set up, the Vice President for Administration follows up with a letter stating "if an attempt is not made to meet the schedule, the student will be dropped from his/her classes."

History and Background of the Problem

During the past three years the number of past due student accounts has increased from $13,935 to $43,002. The increase in bad accounts is due to an increase in enrollment as well as the continued rise in costs associated with attending classes. There has also been a lack of attention aimed at collecting past due accounts. Another factor that has contributed to the situation is the fact that there has never been a written procedure stating how past due accounts should be dealt with.

Fifteen years ago the college did not allow credit to students except in extreme situations. Therefore, the small number of students that did not pay when payment was due were easily monitored. Gradually more students were allowed to delay payments and soon this became a popular method of handling fees at the time of enrollment. With the expansion of outreach campuses and increased enrollments, it has nearly grown out of hand for the small staff to monitor outstanding student accounts.

The problem actually involves two phases. The first phase being an increased number of students delaying the initial payment of student fees and the second phase is that of the number of students who do not pay initially, those students are also failing to meet the payment due dates as stated on the promissory note that is signed.

In attempting to enforce a strict policy for lowering the student accounts receivable, the college administration must keep in mind that if the regulations become too strict, students will become disturbed by any action taken and withdraw from their classes and as a result the college would lose state and county funding on the number of credit hours that those students withdraw from as well as never collecting the tuition and fees from the student.

Scope of the Project

This project focused on the development of a policy that encourages students to pay their tuition and fees on or before the day classes begin but if it is necessary for the student to delay payment, give the student an incentive to settle their account as soon a possible.

After the policy has been developed the project will focus on the implementation of the policy and the evaluation of the outcome of the policy implementation.

The project also examined the scope of the past due student accounts to see if the problem was more predominant

with students taking classes on campus or at outreach centers.

Importance/Significance of the Project

This project attempted to lower the amount of money that was not collected each year from student's outstanding accounts. By evaluating the results, it was determined whether the policy that was developed may be used in the future to lower the rate of uncollected student accounts.

Definition of Terms

Bad Debts - Those student charges that are not collected within the semester in which they were incurred.

Headcount - the number of students enrolled in classes at a certain time, taking into consideration only thenumber of persons regardless of the number of credit hours the student is enrolled in.

Promissory Note - the agreement signed by the student and the college administrator stating the terms of payment.

Student Accounts Receivable - the record of student charges and payments for each individual student reflecting the difference between what the student has paid and what charges have incurred.

II LITERATURE REVIEW

The basis for this research was to review published materials relating to the collection of student accounts in an effective and timely manner.

The account collection management of an organization plays an important role in that organization. As Robert C. Bastenbeck stated, collection management determines the cash flow of a company by minimizing the company's delinquency rate. He also points out that the collection management is responsible for helping solidify a client's business relationship, promoting client relations, collecting past due accounts and helping clients resolve disputes involving purchases. In summary he said that "an efficiently-managed and well-organized accounts receivable department contributes significantly to a company's positive financial profile." (Bastendenbeck, p. 58)

There are several aspects involved in obtaining an efficiently-managed, well-organized accounts receivable department. One very important aspect is how the accounts receivable staff handle the customers. It is important to have properly trained staff and to develop uniform responses

to problem situations. These responses should be responses that will allow the firm to get its money while preserving the goodwill of the customer. Everyone that handles questions concerning customer accounts should know how to respond to specific problems. This uniformity will help the customer know what to expect and will have more respect for the organization. It will also promote continuity and professionalism. (Turner 1986)

In an article by Charles Jaffe, a business editor from Allentown, Pa., he writes about how important it is to know as much as possible about the customer when extending credit to the customer. He believes that the credit application should be the first procedure to examine for effectiveness. The credit application should provide the type of information that would lead to the recovery of bad debts even if the information may seem frivilous. The credit application should also include conditions that favor the party extending credit in case the account should become past due. These are such stipulations as interest rate charged on late payments, or requiring the customer to pay court or collection fees on delinquent accounts. By making the customer know that he will be charged interest on late payments and they will be responsible for court or collection fees, may make the creditor more aggressive in making payments on time. Having clearly established terms is very important. The customer should know exactly what is expected of him and what the

consequences are if he does not pay on time. Abelson recommends the refusal of requests for longer terms of credit. He says that by allowing longer terms you are giving your approval for slow pay and then the customer pays even slower than the extension.

Another trait of a well-organized accounts receivable department is being prompt in sending out billing documents. In Hal R. Abelson's article Solving the Collection Challenge, he says that patience in collecting is sometimes thought of as a statement of approval and if you allow too much time to lapse before you begin the collection process you will not be taken seriously. He also states the importance of making sure the billing document is correct. If there are errors on the billing document, the late payments may be your own fault. Incorrect billing documents are also bad when an organization is trying to promote goodwill with a customer.

The collection letter is another tool in the collection process. A collection department should be cautious in how the collection letter is stated. Do not harass the debtor. It is illegal to use simulated legal process in collecting and one must not libel a customer in a collection letter with statements that tend to disgrace or degrade the debtor. (Meyerowitz 1987)

There needs to be a decision made at some point as to when to become concerned about past due accounts. The article When Customers Don't Pay states that the accounts

between 31 and 60 days are not so critical because during this period the creditor will either pay or become a problem but most people in this category are just slow paying. The 60 to 90 day accounts are the accounts that require action and any account over 90 days need to be turned over to a commercial collection agent. Selecting a collection agency and determining when and what accounts should be turned over to the collection agency can be a problem. A collection agency will normally charge a lesser fee if the accounts that are turned over are newer. The agency knows it is easier to follow-up on, and more likely to collect accounts the fresher they are. (Peterson 1988) The article When Customers Don't Pay points out that most commercial agencies obtain a return of 75% to 80% of your dollar which is 80% more than received by allowing the customer to go without paying. According to Charles A. Jaff, the American Collector's Association, estimated that in 1986, delinquent accounts worth roughly $20 billion were turned over to recovery agents and probably another $20 billion was never placed with an agency or attempted to be collected.

I have reviewed a number of aspects that contribute to a well-organized, efficiently managed accounts receivable department that were suggested in the literature materials that I reviewed. All of these strategies that I have stated could be covered by one written credit policy. Charles R. Turner believes that policy is not enough. He believes that

a company needs a written manual to guide staff and get them all thinking and acting on the same wavelength. When developing a credit policy, an organization must be cautious. "This is an important decision area because too restrictive a credit granting policy will reduce sales and profits, whereas an overly permissive policy will result in excessive uncollectible accounts." (The Credit Decision p. 37)

In conclusion, the literature I reviewed on collections indicate the importance of having a well planned procedure for handling accounts in general as well as a plan to deal with delinquent accounts. This procedure must be devised in a way that is strict enough that the customer knows the organization is serious about getting the account collected while at the same time does not produce bad feelings toward the organization.

These four points from Keypoints: Practical Tips for Controlling Debtors seem to summarize the many of the important points brought out in the literature that I reviewed:

* Set Objectives;
* Define Policies;
* Make sure customers are aware of their terms; and
* Make sure staff are properly trained and motivated.

III - OPTION SELECTION

After consideration of the three available options, I chose Option One, Action/Applied Research for this project. Option One involves the planning and implementation of a program for dealing with the problem. It then requires the evaluation of the intervention. The Vice President for Administration and I discussed the options and the Vice President felt that it would be best to implement the changes in the collection procedures of student accounts beginning in the 1990 fall semester and I would be able to evaluate the effectiveness of the changes. Since option one requires the development and implementation of a program to deal with the problem early in the study, I felt that this was the most appropriate option. The plan could be developed and implemented during the fall semester and an evaluation could be done at the close of the fall semester to determine if the procedural changes were effective in lowering the rate of past due accounts. The disadvantage of this option was the lack of time available to gather data and being able to evaluate the results produced during only one semester following the program implementation. The advantage of this

option was the early availability of the results of the intervention.

Option Two requires that a grant proposal be written to seek funding to implement a program that would attack the problem. The implementation of the program would be made following the approval and funding of the grant. A grant proposal was not chosen because of the nature of my project. Since my project deals with the need for procedural change, it does not require additional equipment or personnel. Therefore there is not a need for additional funding to address this particular problem.

Option Three involves submitting an extensive report which recommends a program for dealing with the problem at a later time. An advantage of this option was that it involves a thorough insight into alternatives for dealing with the problem. The disadvantage of this option was the amount of time involved prior to the implementation of the intervention. Option Three was considered for this project but I felt that due to the amount of time involved, this option would not be feasible. The desire of the college administration to implement new collection policies beginning in the 1990 fall semester made this option undesirable.

IV. DESCRIPTION OF THE INTERVENTION

During the past few years, the number of students at Allen County Community College choosing to defer payments of student tuition, fees, and room and board charges has steadily increased. There was no written policy governing the collection of these accounts and with the small staff available for collecting the accounts it was difficult to properly follow-up on such a large number of uncollected accounts.

The reason that many students opted to defer payments was that there was no incentive for paying at the time of enrollment. The student could see no benefit in paying when the charge was incurred so the student would choose to delay payment as long as possible.

Statement of Objectives

The first objective of this project was to encourage at least 85% of the students at Allen County Community College to pay their tuition, fees and room and board charges at the time the charge was incurred rather than deferring the payment. This objective was intended to be met by giving the

student an incentive to pay at enrollment rather than delaying their payments.

The second objective was intended to lower the number of promissory notes signed by students by 30% of the total number of notes signed during previous semesters. It was intended to meet this objective in a manner that would not result in lowering the number of students enrolled at Allen County Community College.

A third objective was to increase the cash flow of the College during the beginning of each semester by a significant amount. Instead of waiting for payments until the end of the semester or the end of the school year, it was intended to collect a greater number of accounts at the beginning of each semester and in return the cash would be available to the college for operating and investing.

A fourth objective of this project was to charge a processing fee for each student who wished to delay payment of their tuition, fees, or room and board charges. The intention of this processing fee, was to recover the additional costs related to collecting these late payments. These additional costs include paper, postage, administrative and clerical time spent setting-up payment schedules, sending out statements, and making follow-up contacts.

The final objective of the project was to decrease the number of bad debts that are written off after failure to collect them. In the 1989-90 fiscal year, approximately

$24,000 worth of uncollected student accounts were written off as bad debts. It was intended to achieve a goal of lowering this amount to approximately $10,000.

Description of the Intervention,

During the 1989-90 academic year, Allen County Community College made available Visa and Master Card as a method for payment of tuition, fees, and room and board charges. During the 1990 fall semester, students and parents were encouraged to use this method of payment as an alternative to signing a promissory note with the college. This method of payment was publicized in all class schedules and enrollment fliers that were mailed to students.

Another new option for payment was also made available to the students at Allen County Community College during the 1990 fall term. This option was made available through an independent collection company. This company sent information to the students that had pre-enrolled during the summer. This company offered the students a financing plan. For any student choosing this option, the company charged a $35.00 processing fee paid by the student. This company made all the collection contacts with the student and as the money was collected, the collection company submitted the money collected to the college on a monthly basis. If the student enrolled in this collection management system, this relieved Allen County Community College of the costs related to collecting the unpaid accounts.

If the student did not wish to use one of the above methods of payment, there were three additional methods which had been available to students during previous enrollments. One of these being cash or check. The second of these was providing sufficient paperwork showing evidence that the student was eligible for some type of financial aid in an amount sufficient to cover the total costs of the student's charges. The final method was signing a promissory note. If the student chose to sign the promissory note, he was required to meet with the Vice President for Administration to set up a payment schedule. Unlike previous semesters, all students who chose to sign a promissory note and delay payment were charged a $35.00 processing fee. This fee was charged to recoup some of the collection costs created by uncollected accounts and also to encourage the students and parents to use any one of the other methods of payment that were available.

Another change made in an attempt to reduce the uncollected student accounts involved the college outreach centers. In past years, tuition and fees were not collected from the students who enrolled at the college outreach centers at the time the student enrolled. The enrollment forms were brought to the main campus, processed through registration and the business office and a statement was then sent out to the student approximately three weeks after the student enrolled. During the fall 1990 semester, the

student's enrollment form was not turned in to the main campus until payment was received. If the student was unable to pay at that time, the student was required to sign a promissory note and was charged the $35.00 processing fee the same as the students at the main campus.

In general, a greater emphasis was put on demanding payment at the time the student processed their enrollment materials. The student was made aware that the college expected payment at the time of enrollment and if this was impossible for the student, specific guidelines were explained to the student of what was expected concerning a payment schedule.

V. - THE EVALUATION PLAN

The purpose of this chapter was to describe the method used to evaluate the project to determine whether the objectives were met.

PROJECT: To implement a new collections policy which would attempt to decrease the number of past due student accounts and to increase the number of student accounts that are paid at the time the student processes his/her enrollment at Allen County Community College.

OBJECTIVE 1: To encourage at least 85% of the students at Allen County Community College to pay their tuition, fees, and room and board charges at the time the charges were incurred rather than deferring the payment.

OBJECTIVE 2: To lower the number of promissory notes signed by students by 30% of the total number of notes signed during previous semesters.

OBJECTIVE 3: To increase the cash flow of the College during the beginning of each semester by a significant amount.

OBJECTIVE 4: To charge a processing fee for each student who wished to delay payment and by doing so recover additional costs related to collecting these late payments.

OBJECTIVE 5: To decrease the dollar amount of bad debts that are written off after failure to collect them to approximately $10,000 for the entire fiscal year.

Data Collection

The data collected to determine whether the objectives of this project were met was obtained from the financial records of the college business office and enrollment records of the college registration office. From these records, I compared data collected during the fall 1990 and spring 1991 semesters to similar data collected during the four semesters directly prior to the intervention of the new collection policy.

The data on which information was collected included total student headcount and full-time equivalency, number of unpaid student accounts, total dollar amount of outstanding student accounts, during each month of the semester, total dollars written-off as bad debts and total dollars received from the new promissory note processing fee.

An accounts receivable aging report was produced from the college management information system for approximately the twentieth class day of each semester beginning with the

fall 1988 through the spring 1991 semester. From these reports, was obtained the number and amounts of new unpaid accounts for each semester. A comparison of the number of unpaid student accounts and the total number of students enrolled at that time was made. An analysis was then done on the total revenue received each month during each semester and a comparison was made on the rate of cash flow for each semester. The total revenue generated by the newly established promissory note processing fee was obtained and compared to a projection of costs related to collecting outstanding student accounts.

Limitation of the Data Collection Plan

This study was limited to the data that could be obtained from our management information system due to the fact that the actual promissory notes had not been retained for one year during which the data was being collected. This caused the exclusion of those student accounts that were not paid at the time of enrollment but were paid within the first twenty class days of the semester.

Another limitation was the accrual method of accounting which recognizes revenue as the charge is incurred rather than when the income is actually received. Because of this the revenue that is recorded for the processing fee is accrued revenue and has not necessarily all been received.

VI - SUMMARY OF RESULTS

A summary of the results of the data collected comparing data prior to the change in procedure of the collection of student charges to data since the procedural change took effect is reported in this chapter. The summary is made in correlation to each objective of this project.

Effect of Policy Change

The first objective of this project was:

> To encourage at least 85% of the students at Allen County Community College to pay their tuition, fees, and room and board charges at the time the charge was incurred rather than deferring the payment.

An analysis was done on the number of students who had outstanding balances on their accounts on the twentieth day ofclasses during the two semesters directly following the change in procedure. The data summarizing the effects of the procedure change which encourages students to pay their charges when incurred are found in Table 1; the raw data appear in Appendix A. Table 1 indicates that during the 1989-90 fiscal year, the problem of deferred charges was reaching a point where it was apparent that this service to

the students was being abused and there was a definite need to change the collection procedure. This table also indicates that during the 1990-91 fiscal year there was a significant change in the number of students who paid their charges at the time they were incurred even though it did not meet the 85% objective.

TABLE 1

PERCENTAGE OF STUDENTS WITH ACCOUNTS PAID IN FULL BY 20TH CLASS DAY

Semester	% of Students with Accounts Paid-in-full
Fall 1988	63%
Spring 1989	48%
Fall 1989	30%
Spring 1990	22%
Fall 1990	70%
Spring 1991	74%

The second objective of this project was:

> To lower the number of promissory notes signed by students by 30% of the total number of notes signed during previous semesters.

Table 2 indicates that during the fall 1990 semester the total number of outstanding balances on the twentieth day of

classes during the two semesters following the policy change compared to the average number of outstanding student accounts on the twentieth day of classes for the four semesters directly prior to the policy change. As indicated in Table 2, there was a 46% decrease in the number of outstanding accounts on the twentieth class day during the fall 1990 semester and a 54% decrease during the spring 1991 semester.

TABLE 2

PERCENTAGE DECREASE IN OUTSTANDING ACCOUNTS
ON 20TH CLASS DAY

Semester	Percentage Decrease
Fall 1990	46%
Spring 1991	54%

The third objective of this project was:

> To increase the cash flow during the beginning of each semester by a significant amount.

Table 3 shows the total amount of student receipts that were collected during each month of each semester from the fall 1989 semester through the spring 1991 semester. This indicates that during the first month of both semesters of the 1990-91 year, there was a greater percentage of total charges collected than what was collected during the first month of

both semesters of the 1989-90 year. It must be taken into consideration that there was also an increase in full-time equivalency student enrollment of 6.5% in the 1990 fall semester over the 1989 fall semester and an increase of 9.1% in full-time equivalency student enrollment in the spring 1991 over the spring of 1990 and therefore the charges would reflect similar increases due to the increase in enrollment.

TABLE 3

REVENUE COLLECTED BY MONTH

Month	1989-90	1990-91
August	$126,693	$365,2192
September	270,572	157,787
October	135,656	130,937
November	81,499	47,058
December	41,612	46,059
January	402,219	535,414
February	131,351	N/A
March	75,779	N/A
April	80,235	N/A

The data was not available for the last three months of the 1990-91 year at the time the project was completed.

The fourth objective of this project was:

> To charge a processing fee for each student who wished to delay payment and by doing so, recover additional costs related to collecting these late payments.

Table 4 shows that the $35 processing fee charged for each promissory note that was signed generated revenue in the amounts of $5,075 during the fall semester of 1990 and $3,920 during the spring semester of 1991.

TABLE 4

REVENUE GENERATED BY PROCESSING FEE

Semester	Revenue
FA '90	$5,075
SP '91	$3,920

The fifth objective of this project was:

> To decrease the dollar amount of bad debts that are written off after failure to collect them to an amount of approximately $10,000 for the entire fiscal year.

It was impossible to evaluate data to see if the fifth objective had been met due to the delay in writing off bad debts. An attempt is made to collect the accounts that are charged during the 1990-91 academic year through the end of the 1991-92 academic year and any debts still existing from

the 1990-91 year will then be written off with a hold put on all academic records. At this time, these accounts will be turned over to a collection agency.

As was the intention of the change in the collection procedures, there was a significant difference in the number and dollar amount of outstanding student accounts as well as a better cash flow during the semesters following the change in collection procedures.

VII CONCLUSION AND RECOMMENDATIONS

The purpose of this project was to implement a change in the collection procedure of student accounts that would encourage the students to pay their student charges at the time they were incurred rather than deferring the payment and by doing this increase the cash flow during the early part of each semester and decrease the number of uncollected student accounts.

The purpose of this chapter was to interpret and discuss the results of the data findings of this project. This chapter will also discuss the recommendations which were the result of these findings.

Conclusions

The first objective was to encourage at least 85% of the students at Allen County Community College to pay their student charges at the time they were incurred rather than deferring the payment. The data collected during the semesters following the change in collection procedures showed 70% of the total student headcount had accounts paid in full by the twentieth class day of the 1990 fall semester and 74% of the students had accounts paid in full by the

twentieth class day of the spring 1991 semester. This indicates that the objective was not met. There appeared to be a number of accounts with very small balances which could have been charges that needed to be adjusted off, charges that had been billed to a third party, or charges from enrollment changes. This was typical of all semesters from which data was taken. These small charges did not make a significant difference in dollar amounts but did affect the total number of outstanding accounts in a significant way. Because of these insignificant charges, perhaps the 85% objective was not realistic for the first year.

In comparing similar data from previous semesters, there was a significant change in the number of accounts paid in full. One may not be able to rely too strongly on the data from the 1988-89 academic year due to the inexperience in the posting procedures on the newly acquired computer system but from comparing the 1989-90 academic year to the 1990-91 academic year, there definitely was a change in the number of accounts paid in full.

The second objective was to lower the number of promissory notes signed by students by 30% of the total number of notes signed during the previous semesters. An average was taken of the number of outstanding new accounts from the four semesters prior to the change in the collection procedure was implemented. The average obtained for the four semesters was 816 outstanding new accounts. This was

compared with the 440 outstanding new accounts on the twentieth class day of the fall semster of 1990 and 378 outstanding new accounts on the twentieth class day of the 1991 spring semester to come up with a decrease of 46% in the fall of 1990 and 54% decrease in the spring 1991. This indicates that this objective was met with ease.

The third objective was to increase the cash flow during the beginning of each semester by a significant amount. The data collected reflects that during the month of August, which was the first month of the fall semester, in 1989 an amount of $126,693 was receipted to the student accounts compared to an amount of $365,219 receipted during August 1990. This was an increase of $238,526 during August 1990 over August 1989, which was an increase of 188%. In January, the first month of the spring semester, $402,219 was receipted to the student accounts in 1990 and in January 1991, $535,414 was receipted to the student accounts. This was an increase in January 1991 of $133,195 over January 1990, which was a 33% increase. One thing that must be taken into consideration is that there was an increase of 6.5% and 9.1% in full-time equivalency enrollment for each semester of the 1990-91 academic year respectively. These increases in enrollment figures would have affected the amount of student receipts in amounts that would be in line with the enrollment increase.

The fourth objective was to charge a processing fee for each student who wished to delay payment and by doing so,

recover additional costs related to collecting these late payments. The main intention of the $35 processing fee was to provide an incentive to encourage students to pay charges at the time they were incurred and to encourage students to be prompt in filing for financial assistance if needed. The secondary intention of the processing fee was, as indicated in the objective statement, to recover costs related to collecting past due accounts. The revenue generated from this fee during the fall 1990 semester was $5,075 and during the spring 1991 semester was $3,920. As this revenue decreases, there should be a decrease in the number of accounts to collect and therefore, fewer expenses related to collecting these accounts such as postage, paper, and printing as well as clerical and administrative time spent on collections. Something that should be noted here is that the method of accounting is an accrual method which recognizes revenue at the time the charge is incurred rather than when the revenue is actually received which means that the total amount that is shown as revenue may not have actually been received.

The fifth objective was to decrease the dollar amount of bad debts that are written off after failure to collect them to an amount of approximately $10,000 for the entire fiscal year. This objective could not be measured at the time of the project because there is an attempt made to collect all student accounts through the following academic year. At the end of the 1991-92 academic year, any accounts

from the 1990-91 academic year that have not been collected will be written off. An attempt is made to collect these accounts for this period of time due to a state statute which allows the college to receive state funding on the hours the student is enrolled in but if the tuition has not been collected by the college by the end of the fiscal year following the academic year in which the classes were taken this funding is lost on those credit hours. At this time it is difficult to predict whether this objective will be met.

Policy Recommendations

The policy recommendation for this project would be to continue to encourage students to be prepared to pay for their tuition, fees, and room and board charges at the time they are incurred. This should be done by making the students aware of the payment options that are available in sufficient time for the student to take the necessary preparations such as applying for financial assistance through grants and loans or having access to a Visa or Master Card which are accepted as payment. It is also recommended that the students be aware of the $35 processing fee for deferring payment if other arrangements have not been made.

Recommendation for Further Research

Additional data should be gathered at the end of the 1991-92 academic year to see if the fifth objective was met. Also, additional research should be done in the following academic year to see if there is a greater impact once the

procedure has become more established and students are more aware of the consequences of not being prepared for prompt payments.

It would be advisable to compare these same statistics on a yearly basis to insure that the procedure is continuing to provide the intended results or if additional changes need to be made.

VIII REFLECTIONS

The purpose of this chapter is to discuss the learning outcomes derived while completing this action/applied research project option. I will use my experiences to explain what I learned about research.

This project was broke down into several parts. The first section included the description of the problem, a literature review, and an option selection. The second section included the description of the intervention and the evaluation plan. Included in the third section was the summary of the results of the data collection and recommendations based on those results.

The initial step in the project was stating the purpose of the project and a description of the problem. This included a description of the setting and background as well as the scope and importance of the project. The main problem I had with this section was being too general. I had to keep in mind that even though the problem was very familiar to myself, that in explaining the problem and background information to the reader, I must be very specific.

The literature review required the ability to use a library, and skills in researching what has been published by others on issues relating to the problem being studied. This required reading and understanding skills and the ability to take information from several sources and combine them into one review. I had no problem finding literature relating to my project but much of the literature that I reviewed was repetitous. I did not find any materials that specifically dealt with student accounts receivable but I feel that the general material on collecting overdue accounts was adequate. I had some difficulty organizing the review from general information down to the specific. This section gave me an opportunity to refresh my knowledge of what services are available from the library and I was able to learn to do a computer search for articles which I was not aware of prior to this time.

The option selection involved a review of the three project options available. I was limited to only option one, the action/applied research for this project because at that time the intervention was already planned to change the procedure for collecting student accounts so the need was for an evaluation of the results of the procedural change after it was implemented. In analyzing the other two options which were available, I could see that in other situations these two methods of research would be beneficial but for my specific situation the intervention was already planned and

there was no need for applying for grant funding for a problem such as I was researching.

The next section of the project involved the designing of the intervention. This took place through several of the college personnel sharing ideas about what could be done to reduce the problem of past due student accounts and then putting these ideas into a plan that seemed to be most fair to the student and yet strict enough to produce positive results. In doing this, I learned the importance of looking at what negative results could occur as well as the positive results and then to analyze the situation and come up with what is the best balance. I was aware of the importance of thinking the problem through before any action was taken.

The next step involved the evaluation plan and data collection. In developing a data collection plan I referred to the objectives that I had written for the project in order to determine what data was necessary to determine whether these objectives had been met. I was then able to collect the necessary data from the financial records of the college computer system. I did not have much difficulty in obtaining my data because of the capabilities of our computer system. Initially I had intended to do more of an analysis of the actual hard copy of the promissory notes but I found that they had not been retained for one year in which the analysis was being made. I feel that the data that I obtained from our computer system was just as accurate as what would have been obtained from the promissory notes.

The next section began with the summary of the results of the data collection. The difficulty I encountered in this chapter was in deciding how to present the data so that it would reflect the results in the most locigal manner in an attempt to evaluate the data against the objectives.

The conclusion and recommendations section of the project explained the results of the data and drew from the results a conclusion. In this section I had to be careful not to make statements that could not be supported by solid data. In this section I found that some of my objectives may not have been realistic. I also was suprised at some of the data that I had collected for the two years prior to the intervention and perhaps if I had collected this data prior to stating my objectives, my objectives might have been different in some instances.

From doing this project, I learned the importance of identifying what the problem is then researching it before coming up with a plan to attempt to correct the problem. I also learned the necessity to evaluate the results of the change after it has been implemented. I realized that often one wants the intervention to be successful and never really evaluates the results of the intervention to see if it has produced positive results.

I observe action/applied research in my job. The college administrators use action/applied research in evaluating different college programs in an attempt to make

decisions as to whether these programs should be continued or terminated. For such projects I am involved in the data collection process. Another area that I am involved in action/applied research to a certain degree is on the family farm. My husband and I must evaluate whether the intervention of planting a certain crop proved to be profitable and if not why was it not and what recommendations should be made for the next planting season.

This project gave me experience in problem analysis, research, planning change, data collection and analysis, and writing skills.

20th Day Outstanding Account Balances

Semester	$ Amount	# of Accounts
Fall '88	$257,897	468
Spring '89	$179,335	709
Fall '89	$232,400	951
Spring '90	$224,121	1136
Fall '90	$136,219	440
Spring '91	$102,265	378

Full-time Equivalency Enrollment

Semester	FTE
Fall '88	655
Spring '89	674.8
Fall '89	692
Spring '90	698
Fall '90	737
Spring '91	761.7

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